

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2294 - HB 2452

March 7, 2012

SUMMARY OF BILL: Limits any increase in year-to-year tuition, maintenance fees, student activity fees, and required registration or matriculation fees at University of Tennessee and Tennessee Board of Regents colleges and universities to the percentage change in the average consumer price index (CPI) as published by the United States Department of Labor's Bureau of Statistics.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$97,691,500/FY12-13

Exceeds \$97,691,500/FY13-14 and Subsequent Fiscal Years

Assumptions:


- Based on information from the Department of Labor's Bureau of Statistics, the average annual increase in the CPI over the last 10 years is 2.76 percent.
- The average increase in tuition and student fees for the Tennessee Board of Regents from the last three fiscal years beginning in FY07-08 and ending in FY10-11 is nine and eight tenths percent (9.8%). In FY10-11, tuition and fee revenue was \$800,426,600 for TBR.
- Assuming a nine and eight tenths percent (9.8%) increase, the revenue from tuition and fees for TBR in FY11-12 will be \$878,868,406 (\$800,426,600 + 9.8% of this amount).
- In FY12-13 and subsequent fiscal years, TBR will lose an average of 7.04 percent (9.8% - 2.76) in revenue from tuition and student fees.
- In FY12-13, it is estimated that TBR's revenue from tuition and student fees in the absence of this bill will be approximately \$964,997,510 (\$878,868,406 + \$86,129,104)
- With a 7.04 percent decrease, the estimated decrease in state revenue in FY12-13 for TBR will be \$67,935,824 (\$964,997,510 x 7.04%)
- In FY13-14 and subsequent fiscal years, the estimated decrease in state revenue to TBR will exceed \$67,935,824.
- The average increase in tuition and student fees for UT from the last three fiscal years beginning in FY07-10 and ending in FY10-11 is eight and four tenths percent (8.4%). In FY10-11, tuition and fee revenue was \$448,985,458.

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- Assuming an eight and four tenths percent (8.4%) increase, the estimated revenue for UT in FY11-12 will be \$486,700,236 (\$37,714,778 + \$448,985,458).
- In FY12-13, it is estimated that UT's revenue from tuition and student fees in the absence of this bill will be approximately \$527,583,056 (\$40,882,820 + \$486,700,236)
- In FY12-13 and subsequent fiscal years, UT will lose an average of 5.64 percent (8.4 – 2.76)
- With a 5.64 percent decrease, the estimated decrease in state revenue for TBR in FY12-13 will be \$29,755,684 (\$527,583,056 x 5.64%).
- In FY13-14 and subsequent fiscal years, the estimated decrease in state revenue to UT will exceed \$29,755,684.
- The total decrease in state revenue in FY12-13 will be \$97,691,508 (\$67,935,824 + \$29,755,684).
- The total decrease in state revenue in FY13-14 and subsequent fiscal years will exceed \$97,691,508.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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